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Message Text

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15
ACTION AF-18

INFO OCT-01 EUR-25 ISO-00 AGR-20 SPC-03 AID-20 EB-11

NSC-10 RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01

CEA-02 CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07

OPIC-12 LAB-06 SIL-01 L-03 H-03 PA-04 USIA-15 PRS-01

DRC-01 /207 W
---------- 106112
R 101630Z DEC 73
FM AMCONSUL CASABLANCA
TO SECSTATE WASHDC 2513
INFO USINT ALGIERS
AMEMBASSY PARIS
AMEMBASSY RABAT
AMCONSUL TANGIER

C O N F I D E N T I A L CASABLANCA 0856

E.O. 11652: GDS
TAGS: ECON, PINT, MO
SUBJECT: EARLY REACTION TO INCREASES IN PRICES AND MINIMUM WAGE

REF: RABAT 5348

1. SUMMARY: INITIAL REACTION IN CASABLANCA TO PRICE AND MINIMUM WAGE INCREASES ANNOUNCED BY KING DECEMBER 8 ESSENTIALLY NEGATIVE. RELATIVELY FEW MOROCCANS WE HAVE TALKED TO SINCE ANNOUNCEMENT (AND WE) AGREE THAT BURDEN OF PRICE INCREASES FAR GREATER THAN RELIEF GRANTED BY INCREASES IN MINIMUM WAGE. END SUMMARY.

2. PRICE INCREASES ANNOUNCED BY KING AFFECT SEVERAL FOOD-STUFFS THAT ARE STAPLES FOR EVEN POOREST CONSUMERS HERE: PRICE OF TWO KILO LOAF OF SUGAR HAS INCREASED FROM DH 3.10 TO 3.70, KILO OF FLOUR FOR MOROCCAN BREAD FROM DH .70 TO
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.90, COOKING OIL FROM DH 2.40 THE LITER TO 2.75. INCREASE IN

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GRAIN PRICES CERTAIN TO BOOST COST OF COUSCOUS AND PROBABLY MEAT, WHILE EXCEPTIONALLY DRY AUTUMN SEEMS LIKELY PUSH AGRICULTURAL PRICES STILL HIGHER EARLY NEXT SPRING.

3. SOME OF LATEST PRICE INCREASES (COOKING OIL, FOR EXAMPLE) REFLECT ALREADY PREVAILING BLACK MARKET PRICES, BUT MOST HAVE COME AS ADDITIONAL SHOCK TO CONSUMERS WHO HAVE ALREADY SUFFERED AN INCREASE OF OVER 7 PERCENT IN OFFICIAL COST OF LIVING INDEX THIS YEAR, 4.4 PERCENT IN SEPTEMBER ALONE. KING'S CONTENTION THAT LATEST INCREASES WILL BOOST COST OF LIVING ONLY 3 PERCENT SEEN HERE AS PLAIN SILLY. ALTHOUGH WE UNABLE SUPPLY SUPPORTING FIGURES, WE BELIEVE REAL COST OF LIVING OF POOR CASABLANCA FAMILY HAS PROBABLY INCREASED 20 PERCENT THIS YEAR. AS PREVIOUSLY REPORTED, THIS IS MAJOR AND UNACCUSTOMED SHOCK THAT WILL SURELY HAVE SOME POLITICAL RAMIFICATIONS.

4. INCREASE IN SALARIES OF CIVIL SERVANTS AND EMPLOYEES OF PUBLIC ENTERPRISES WILL OF COURSE HAVE IMPORTANT COUNTER-VAILING EFFECT, FELT MORE IN RABAT THAN CASABLANCA. OUTSIDE PUBLIC SECTOR, MINIMUM INDUSTRIAL AND AGRICULTURAL WAGES HAVE BEEN RAISED 20 PERCENT. IT NOT YET CLEAR WHETHER PRIVATE EMPLOYERS EXPECTED RAISE SALARIES OF ONLY THOSE PAID AT MINIMUM WAGE LEVEL OR WILL, AS HAS SOMETIMES BEEN CASE IN PAST, GRANT ACROSS THE BOARD INCREASES. INDICATION ON THIS MAY COME FROM GOM.

5. MAIN THING TO BEAR IN MIND IS THAT A GREAT MANY CASA-BLANCANS DO NOT RECEIVE A REGULAR WAGE OF ANY KIND. HUNDREDS OF THOUSANDS OF HEADS OF FAMILITES MANAGE TO MAKE ENDS MEET WITHOUT REGULAR, SALARIED EMPLOYMENT. FOR THESE, GALLOP-

ING INFLATION OF THE LAST HALF OF 1973 HAS MADE LIFE FAR HARDER AND NO RELIEF IS IN SIGHT. MINIMUM WAGE INCREASES LIKELY IN PRACTICE TO BENEFIT ONLY THE RELATIVE MINORITY EMPLOYED IN INDUSTRIES OR ESTABLISHMENTS OF SOME SIZE. EVEN THOSE LUCKY ENOUGH TO HAVE A REGULAR JOB IN THE PRIVATE SECTOR WILL BE EATING LESS WELL THIS YEAR THAN LAST.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOODS, PRICES, MINIMUM WAGE
Control Number: n/a
Copy: SINGLE
Draft Date: 10 DEC 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973CASABL00856
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: CASABLANCA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731235/aaaaazni.tel
Line Count: 99
Locator: TEXT ON-LINE
Office: ACTION AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: RABAT 5348
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 04 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04-Jan-2002 by martinjw>; APPROVED <17-Jan-2002 by golinofr>
Review Markings:

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Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EARLY REACTION TO INCREASES IN PRICES AND MINIMUM WAGE
TAGS: ECON, PINT, MO
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Type: TE
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